GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2775
ANSWERED ON:02.12.2016
Implementation of PMSBY and PMJJBY
Chudasama Shri Rajeshbhai Naranbhai;Muddahanumegowda Shri S.P.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has estimated the cost that the insurance companies and banks bear for implementing Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and if so, the details thereof; and

(b) whether the Government has deviced any mechanism for the financial feasibility, investment plans for the funds collected as premium, settlement of excessive claims under both the schemes and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b): The cost is based on the cost of insurance and is in consultation with the insurance companies. The premium for Pradhan Mantri Suraksha Bima Yojana (PMSBY) was estimated keeping in view the estimated number of active bank account holders who would opt for personal accident cover, the past accidental death incidence ratio and the Sum Insured involved. Accordingly, the premium of Rs.12/- per person per annum for a sum insured of Rs. 2 lakh was considered to be feasible for the age group of 18 to 70 years. An amount of Rs. 1/- out of the premium of Rs. 12/- is meant for the expenses of the banks.

The premium for Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is estimated on the expected number of deaths among the lives to be covered under PMJJBY for the age group of 18 to 50 for a period of one year. An amount of Rs.11/- out of the premium of Rs.330/- is meant for the expenses of the banks.

The implementation procedure has been finalised in consultation with the insurance companies. The premium collection and claim settlements will be monitored closely to ascertain the financial feasibility.

The Premium paid for the above mentioned schemes will be part of the insurance funds of the insurance companies. These funds will be invested as per IRDAI (investment) Regulations as amended from time to time.

The insurance companies have mechanisms to meet out such excess claims like any other line of insurance business through review of premium based on claim ratios.
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